

Message Text

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51

ACTION SS-30

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P R 271715Z DEC 73

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC PRIORITY 9487

INFO AMEMBASSY KINSHASA

S E C R E T BRUSSELS 7492

EXDIS

E.O. 11652: GDS

TAGS: PFOR, CG, BE, EMIN

SUBJECT: MOBUTU AND SGM CONTRACT

REFERENCE: KINSHASA 11141

1. SUMMARY. FONMIN HAS INSTRUCTED BELGIAN EMBASSY KINSHASA TO INFORM MOBUTU THAT ANY MODIFICATION OF PRESENT SGM-GECA MINES ARRANGEMENT WHICH WOULD CALL INTO QUESTION INDEMNIFICATION FOR UNION MINIERE TAKEOVER, SUCH AS PROPOSED CREATION OF NEW COPPER MARKETING COMPANY, WOULD BE "UNACCEPTABLE" TO BELGIUM. BELGIANS COULD NOT AGREE TO SUCH MODIFICATION WITHOUT NEW PROOF OF GOZ WILLINGNESS TO INDEMNIFY. GOB PLANS TO INFORM IBRD OF GOZ PROPOSALS TO MODIFY PRESENT ARRANGEMENT. ACCORDING TO FONMIN'S INFORMATION, ARABS DECLINED MOBUTU PROPOSAL ON COPPER STOCKPILE. FONMIN DOES NOT INTERPRET RECENT FIRING OF BELGIAN ADVISORS AT ZAIRIAN NATIONAL BANK AS ANTI-BELGIAN MOVE. END SUMMARY.

2. FONMIN AFRICAN AFFAIRS DIRECTOR LEBRUN CALLED IN EMBOFF DECEMBER 27 TO PROVIDE INFORMATION ON DECEMBER 24 MEETING BETWEEN PRESIDENT MOBUTU, CHARGE CAHEN, AND SGM REPRESENTATIVE VAN LOOK (REFTEL). ACCORDING TO LEBRUN, MOBUTU PROPOSED CREATION OF "SOCIETE DE COMMERCIALISATION" FOR COPPER, CONTROLLED BY GOZ AND HAVING 40 PCT SGM PARTICIPATION. HE ASKED FOR BELGIAN RECOMMENDATIONS BY JANUARY 1 ON HOW NEW MARKETING COMPANY MIGHT BEST BE ESTABLISHED.

3. LEBRUN NOTED THAT CREATION OF MARKETING COMPANY WOULD UNDER-
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MINE FOUNDATION OF SYSTEM THROUGH WHICH INDEMNIFICATION IS PAID FOR TAKEOVER OF UNION MINIERE. ACCORDINGLY, FONMIN HAS INSTRUCTED CAHEN TO SEEK APPOINTMENT BEFORE DECEMBER 31, TO MAKE CLEAR TO MOBUTU THAT ANY MODIFICATION OF PRESENT ARRANGEMENT

BETWEEN SGM AND GECAMINES WHICH WOULD CALL INDEMNIFICATION INTO QUESTION IS "UNACCEPTABLE". CAHEN AUTHORIZED TO EXPRESS BELGIAN WILLINGNESS TO ACCEPT INCREASED INVOLVEMENT OF ZAIRIAN PERSONNEL IN COPPER MARKETING PROCEDURES BUT NOT TO COMPLY WITH MOBUTU'S REQUEST FOR RECOMMENDATIONS ON CREATION OF NEW COMPANY. COMMENTING THAT PRESENT MARKETING ARRANGEMENT IS TANGIBLE PROOF ("GAGE") OF GOZ COMMITMENT TO INDEMNIFY UNION MINIERE, LEBRUN SIAD THAT IF MOBUTU WANTS BELGIANS TO ACCEPT MODIFIED ARRANGEMENT, HE MUST OFFER SOME OTHER PROOF OF COMMITMENT. LEBRUN ADDED THAT FONMIN WOULD ADVISE BELGIAN EMBASSY WASHINGTON DECEMBER 27 OF ZAIRIAN PROPOSALS RE SGM SO THAT BELGIAN REPRESENTATIVE AT IBRD COULD, WITHOUT MAKING FORMAL DEMARCHE, INFORM PRESIDENT MACNAMARA.

4. ON NATIONALIZATION OF PETROLEUM DISTRIBUTION, LEBRUN SAID THAT PETROFINA WILLING TO GO ALONG WITH OTHER COMPAINES IN CONTINUING TO PROVIDE OIL PRODUCTS TO ZAIRE. HE NOTED, HOWEVER, THAT ALL COMPANIES APPARENTLY HAVE TAKEN POSITION THAT SUPPLEIS MUST BE PROVIDED AT PREVAILING MARKET PRICE RATHER THAN SPECIAL ZAIRIAN PRICE INSISTED ON BY GOZ. AS SIDELIGHT, LEBRUN SAID THAT DURING RECENT VISIT TO ARAB CAPITALS MOBUTU HAD NOT ONLY SOUGHT ASSURANCES THAT ZAIRE COULD OBTAIN OIL IF ZAIRIAN DISTRIBUTION NATIONALIZED, BUT HAD INDEED ASKED ARABS TO STOCKPILE COPPER IN ORDER TO WITHHOLD IT FROM MARKET. ARABS, HOWEVER, HAD REFUSED STOCKPILE PROPOSAL.

5. LEBRUN'S VERSION OF DISMISSAL OF BELGIAN ADVISORS TO NATIONAL BANK (BASED ON REPORTING OF BELGIAN EMBESSY KINSHASA) GENERALLY PARALLED ACCOUNT IN KINSHASA 11174. MOBUTU REPORTEDLY ATTRIBUTED SAMBWA'S NEGATIVE COMMENTS ON ECONOMIC REFORMS TO ADVICE SAMBWA HAD RECEIVED FROM BELGIAN ADVISORS AND DECLARED THEY MUST GO. LEBRUN, HOWEVER, DID NOT VIEW MEASURE AS PRIMARILY DIRECTED AT BELGIANS AND SAID THAT GOB WOULD HAVE NO DIFFICULTY IN RETURNING ADVISORS TO JOBS IN BELGIAN NATIONAL BANK OR FINDING POSITIONS WITH INTERNATIONAL ORGANIZATIONS.
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